

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 825

Short Title: Allow New Inheritance Tax Credits.

(Public)

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Sponsors: Senator Daniel.

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Referred to: Finance.

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April 24, 1991

A BILL TO BE ENTITLED

AN ACT TO ALLOW INHERITANCE TAX CREDITS FOR PROPERTY  
TRANSFERRED TO NONRELATIVES AND COLLATERAL RELATIVES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-5 reads as rewritten:

**"§ 105-5. Rate of tax – Class B.**

(a) Where the person or persons entitled to any beneficial interest in such property shall be the brother or sister or descendant of the brother or sister, or shall be the uncle or aunt by blood of the person who died possessed as aforesaid, at the following rates of tax (for each one hundred dollars (\$100.00) or fraction thereof) of the value of such interest:

First \$5,000	4 percent
Over \$5,000 and to \$10,000	5 percent
Over \$10,000 and to \$25,000	6 percent
Over \$25,000 and to \$50,000	7 percent
Over \$50,000 and to \$100,000	8 percent
Over \$100,000 and to \$250,000	10 percent
Over \$250,000 and to \$500,000	11 percent
Over \$500,000 and to \$1,000,000	12 percent
Over \$1,000,000 and to \$1,500,000	13 percent
Over \$1,500,000 and to \$2,000,000	14 percent
Over \$2,000,000 and to \$3,000,000	15 percent
Over \$3,000,000	16 percent

1       (b) An inheritance tax credit of four hundred fifty dollars (\$450.00) is allowed  
2 against the tax imposed by this Article on the transfer of property to a Class B  
3 beneficiary. This credit is allowed to Class B beneficiaries in the following order:

4           (1) Persons who are less than 18 years old, and persons who are at least 18  
5 years old and who are single, are unable to support themselves because  
6 of mental or physical incapacity, and either are members of the  
7 decedent's household or, because of their mental or physical  
8 incapacity, live in an institution.

9           (2) Other Class B beneficiaries. The status of a beneficiary is determined  
10 as of the date of the decedent's death.

11       When two or more beneficiaries are equally entitled to the credit, the credit shall be  
12 allocated among those beneficiaries on a pro rata basis according to their tax liability.  
13 The credit allowed by this subsection may not exceed the amount of tax imposed by this  
14 Article."

15       Sec. 2. G.S. 105-6 reads as rewritten:

16 **"§ 105-6. Rate of tax – Class C.**

17       (a) Where the person or persons entitled to any beneficial interest in such  
18 property shall be in any other degree of relationship or collateral consanguinity than is  
19 hereinbefore stated, or shall be a stranger in blood to the person who died possessed as  
20 aforesaid, or shall be a body politic or corporate, at the following rates of tax (for each  
21 one hundred dollars (\$100.00) or fraction thereof) of the value of such interest:

22	First \$10,000	8 percent
23	Over \$10,000 and to \$25,000	9 percent
24	Over \$25,000 and to \$50,000	10 percent
25	Over \$50,000 and to \$100,000	11 percent
26	Over \$100,000 and to \$250,000	12 percent
27	Over \$250,000 and to \$500,000	13 percent
28	Over \$500,000 and to \$1,000,000	14 percent
29	Over \$1,000,000 and to \$1,500,000	15 percent
30	Over \$1,500,000 and to \$2,500,000	16 percent
31	Over \$2,500,000	17 percent

32       (b) An inheritance tax credit of four hundred dollars (\$400.00) is allowed against  
33 the tax imposed by this Article on the transfer of property to a Class C beneficiary. This  
34 credit is allowed to Class C beneficiaries in the following order:

35           (1) Persons who are less than 18 years old, and persons who are at least 18  
36 years old and who are single, are unable to support themselves because  
37 of mental or physical incapacity, and either are members of the  
38 decedent's household or, because of their mental or physical  
39 incapacity, live in an institution.

40           (2) Other Class C beneficiaries. The status of a beneficiary is determined  
41 as of the date of the decedent's death.

42       When two or more beneficiaries are equally entitled to the credit, the credit shall be  
43 allocated among those beneficiaries on a pro rata basis according to their tax liability.

1 The credit allowed by this subsection may not exceed the amount of tax imposed by this  
2 Article."

3 Sec. 3. G.S. 105-23(b) reads as rewritten:

4 "(b) Exception. – An inheritance tax return is not required to be filed for an estate  
5 (i) whose beneficiaries are all either Class A beneficiaries, as described in G.S. 105-  
6 4(a), or the surviving spouse, and (ii) whose gross value, including the value of transfers  
7 over which the decedent retained an interest and the value of gifts made within three  
8 years before the decedent's death, as provided in G.S. 105-2(3), is less than the amount  
9 specified in the following table: Estates of Decedents Dying

10	On or After	Gross Value of Estates
11	July 1, 1985 .....	\$100,000
12	August 1, 1985 .....	75,000
13	July 1, 1986 .....	150,000
14	January 1, 1987 .....	250,000

15 an estate whose gross value does not exceed two hundred fifty thousand dollars (\$250,000) and in which the gross value  
16 of all transfers to Class B beneficiaries does not exceed ten thousand dollars (\$10,000)  
17 and the the gross value of all transfers to Class C beneficiaries does not exceed five  
18 thousand dollars (\$5,000).

19 For the purpose of this subsection, the gross value of an estate and of transfers from  
20 an estate includes the value of transfers over which the decedent retained an interest and  
21 the value of gifts made within three years before the decedent's death, as provided in  
22 G.S. 105-2(a)(3)."

23 Sec. 4. This act becomes effective July 1, 1991, and applies to the estates of  
24 decedents dying on or after that date.